

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **February 24, 2004 Work Session**

AGENDA ITEM NO.: 1

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Water and Sewer Rate Study**

RECOMMENDATION: Proceed to a public hearing on March 9, 2004 regarding the recommendations to increase the water and sewer rates and fees as proposed in the attached Rate Study report.

### SUMMARY:

Attached are the annual Water and Sewer Rate Study and accompanying five year Water and Sewer Financial Projections as prepared by the City's rate consultant, PJ Sun, LLC. The Rate Study for FY 2005 includes the following:

1. The proposed FY 2005 -06 Water and Sewer Operating Fund Budgets; and
2. Activity cost and performance data for the Water and Sewer Operating Funds.

Supplementing the Rate Study, the five year Water and Sewer Financial Projections include:

1. The proposed FY 2005 – 09 Water and Sewer Capital Improvements Program;
2. Water and Sewer Operating Fund Projections
3. Water and Sewer Operating Budget Projections; and
4. Revenue projections for all revenues.

The utility rate strategy developed for this year continues with the goals to:

1. Minimize the impact of rate adjustments on customers;
2. Ensure necessary funding is provided for increases in operating and debt service costs;
3. Ensure compliance with the Special Order for the Combined Sewer Overflow (CSO) correction between the City and the Department of Environmental Quality (DEQ); and
4. Ensure compliance with adopted Fund Balance and Debt Management Financial Policies.

During with Work Session on February 24, 2004, Paul Cumiskey of PJ Sun, LLC will present this Water and Sewer Rate Study and Water and Sewer Financial Projections.

PRIOR ACTION(S): None

FISCAL IMPACT: Increase revenues in the Water and Sewer Funds to meet existing operating and capital needs and maintain compliance with the CSO Special Order.

### CONTACTS:

Dan Sneed, Director of Utilities	847-1322
Michael Hill, Director of Finance	455- 4218
Leti Vance, Accountant III	847-1322
Tim Mitchell, Asst. Dir. Of Utilities	847-1322
Bruce McNabb, Director of Public Works	455-3946

ATTACHMENT(S): Water and Sewer Rate Study, prepared by PJ Sun, LLC  
Water and Sewer Financial Projections, prepared by PJ Sun, LLC

REVIEWED BY: lkp